

ARIZONA RACING COMMISSION

533RD REGULAR MEETING

WEDNESDAY, MAY 12, 2004

MINUTES OF PUBLIC MEETING

A public meeting of the Arizona Racing Commission was convened on Wednesday, May 12, 2004, beginning at 10:00 a.m. Building Conference Room 250, 2nd Floor, 1110 West Washington, Phoenix, Arizona.

A. Call to Order:

Present: Chairman Michael Napier
Vice-Chairman Bob Ford
Commissioner Burton Kruglick
Commissioner Michael Vespoli

Also Present: Geoffrey E. Gonsher, Director
Mary DeLaat Williams, Assistant Attorney General

Chairman Napier called the 533rd Regular Meeting of the Arizona Racing Commission to order at 10:00 a.m.

The following matters were discussed, considered, and decided at the meeting:

1. **Introduction of Guests** – No guests were introduced.
2. **Approval of the Minutes of the 532nd Regular Meeting held Wednesday, April 14, 2004.**
Chairman Napier called for a motion. **Vice-Chairman Ford** moved for approval. **Commissioner Kruglick** seconded the motion. **All in favor.** (The Minutes were approved following Information Report No. 8.)

B. Department Information Reports

Commission members were provided with informational reports on all items listed below. **Director Gonsher** reported on selected items.

1. **Pari-Mutuel Account Wagering in Arizona - Director Gonsher** updated the Commission on the responses received from account wagering providers regarding a letter sent informing them that account wagering is prohibited in Arizona. He also informed the Commission that the Department would consider sending letters to the newspapers making them aware of the Department's position on this issue after follow-up letters are sent to the non-responsive providers. Following a brief discussion, **Chairman Napier** asked Director Gonsher to look into this matter as a revenue source.
2. **Insurance Requirements for OTBs - Director Gonsher** noted that this information was provided to the Commission in response to a request by Chairman Napier regarding insurance certification. The Department plans to follow-up on a recommendation by Programs and Projects Specialist Bill Walsh to streamline this process, making it more efficient for the Department and the permittees.
3. OTB Permit Application Approvals
4. Greyhound Stewards Certification and Training
5. Greyhound Adoption Grant Quarterly Report
6. **Third Quarter Breeders' Awards - Director Gonsher** reported that the Department is on track with the quarterly breeders' awards.
7. New Department of Racing Steward
8. **Department of Racing Third Quarter Budget Status Report - Director Gonsher** reported that the Department continues to do well. Because of the efficiency cost savings, we have been able to fill all the positions we are allocated by the Legislature, increase drug testing, use funds for computer security and modernization, purchase radios for the county fairs and retain financial forensic services.
9. Governor's Equity in State Contracting Report
10. Department of Racing Correspondence

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C. New Business

The following New Business items are for a status report, presentation, discussion, and possible action for the Commission.

1. **Renewal of Permit to Conduct a Horse Racing Meeting and Teletrack Wagering for Yavapai County Fair Association - Director Gonsher** updated Commission members on the status of the substantive review. Commission members discussed the application process and heard comments from Jim Grundy, General Manager. Following the discussion, **Vice-Chairman Ford** suggested that in the future, the Department schedule a meeting with permittees at the beginning of the application process to clarify the filing requirements and to answer any questions the applicants may have regarding the process.

2. **Phoenix Greyhound Park Request for Additional Wagering Facility** (subject to Department inspection)
 - **Joe's Place**, 200 E. Route 66, Flagstaff, Arizona

Director Gonsher reported that the Commission has been provided a report of the site inspection. The application is ready for Commission consideration. **Chairman Napier** called for questions or a motion. **Vice-Chairman Ford** moved to approve. **Commissioner Vespoli** seconded the motion. **All in favor.**

3. **Application of Marshall Kueker as General Manager of Tucson Greyhound Park - Chairman Napier** called for questions or a motion. **Vice-Chairman Ford** moved to approve. **Commissioner Vespoli** seconded the motion. **All in favor.**

4. County Fair Racing

- a. **County Fair Applications for FY 2005 - Chairman Napier** called for motions on each application.
 - i. **Gila County Racing Commission – October 2, 3, 9, 10, 2004 - Commissioner Vespoli** moved for approval. **Vice-Chairman Ford** seconded the motion. **All in favor.**
 - ii. **Greenlee County Fair & Racing Association – March 12, 13, 19, 20, 2005 - Vice-Chairman Ford** moved for approval. **Commissioner Vespoli** seconded the motion. **All in favor.**
 - iii. **Santa Cruz County Fair & Rodeo Association – April 30, May 1, 7, 8, 2005 - Vice-Chairman Ford** moved for approval. **Commissioner Vespoli** seconded the motion. **All in favor.**
- b. **Changes to County Fair Permits (Requirements) - Director Gonsher** explained that action was taken on these permits due to applicant error. Commission action was required to conform the permits to the action taken. **Chairman Napier** called for motions.
 - i. **Cochise County Fair Association - Commissioner Vespoli** moved to approve. **Vice-Chairman Ford** seconded the motion. **All in favor.**
 - ii. **Santa Cruz County Fair & Rodeo Association - Commissioner Vespoli** moved to approve. **Vice-Chairman Ford** seconded the motion. **All in favor.**
- c. **New County Fair Racing Plan - Director Gonsher** summarized the contents of the new County Fair Racing plan prepared by Roy Snedigar, County Fair Coordinator, and Joyce Cozby, Programs & Projects Specialist. The policy manual is a comprehensive collection of information needed for preparing, submitting and reviewing county fair racing applications, as well as procedures for administering county fair racing once permits are issued.
- d. **Additional Funds Distributed to County Fair Associations - Director Gonsher** addressed Items d and e together and provided information regarding excess Betterment Fund distribution and a new plan for distributing Betterment Fund monies proportionately among the ten eligible counties that conduct racing meetings. **Commissioner Kruglick** expressed concern for the inequity of funding for the county fairs that conduct racing. Following a discussion by Commission members regarding increased funding for county fairs, **Chairman Napier** directed the Department to prepare legislation for the next session that would provide more equitable funding for the ten fairs that conduct racing at their own facilities.
- e. **County Fair Racing Funding – See Item d.**

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5. **Preparation of the FY 2006 Budget Request - Director Gonsher** informed Commission members that in preparation for the FY 2006 budget request, the Department would be looking for industry revenue sources to enable the Department to conduct its business. Director Gonsher gave an overview of industry practices and shared comments from a report by the Citizens Finance Review Commission relating to the racing industry. He emphasized the need for the Department and the Commission to work with the industry and policy-makers to develop a practical, equitable and acceptable mechanism for funding the regulation for the State. Commission members will be provided with a number of options in June. Following a discussion by Commission members and members of the industry, including John Mangum, attorney for Turf Paradise, and Henry Evans, HBPA lobbyist, it was agreed that the Commission would participate in open meetings regarding this issue.
6. **Workers' Compensation Administrative Code Revision** – After receiving comments from Henry Evans, HBPA lobbyist, **Chairman Napier** called for a motion to initiate the rulemaking process. **Vice-Chairman Ford** so moved. **Commissioner Vespoli** seconded the motion. **All in favor.**
7. **Drug and Medication Testing and Enforcement - Director Gonsher** provided information on the following matters, and noted that Dr. Scott Waterman, Chairman of the Medication Committee, would be at the July Commission meeting to discuss the proposed rules. The new rules will be distributed to the industry for review and comment.
 - a. **Proposed New Uniform Drug Rules**
 - b. **Enforcement of Human Drug Abuse & Animal Medication Violations**
 - c. **Department of Racing Drug/Alcohol Agreement - Director Gonsher** responded to questions from **Vice-Chairman Ford** regarding enforcement of the agreement.
8. **TP Racing, L.L.L.P. Reimbursement of Expenditures - Director Gonsher** informed the Commission that Turf Paradise has paid for all costs related to the license applications except for the legal fees Turf feels do not relate to the background investigation. The Department asks for guidance in resolving this matter, which occurred during the prior administration. **Gerald Alston**, attorney for Turf Paradise, represented Turf's position. After discussing the matter, **Chairman Napier** called for a motion. **Commissioner Kruglick** moved to abandon pursuit of the remaining balance. **Vice-Chairman Ford** seconded the motion. **All in favor.**
9. **H2B Program – Alien Workers at Arizona Racetracks – Sarah Struck**, Secretary/Treasurer of the HBPA, gave an overview of the program, which is locally overseen by two associations. The Arizona Horsemen's Benevolent and Protective Association (HBPA) oversees the groom program and the Arizona Horsemen's Association, Inc. (AHA) oversees the exercise rider program. The HBPA and AHA work with the Department of Economic Security and the U.S. Department of Labor to obtain eligible workers. The program provides workers for positions that are many times difficult to fill. **Vice-Chairman Ford** received assurance from Ms. Struck that non-English-speaking applicants receive assistance and guidance during the licensing process.
10. **West Nile Virus Presentation – Will Humble**, Bureau Chief for the Arizona Department of Health Services Epidemiology and Disease Control Bureau, provided historical information relating to the virus and talked about preventative measures and vaccines for horses. Mr. Humble provided posters and literature for the Department and the industry.
11. **2004 Recognition Awards Program - Director Gonsher** informed Commission members that six nominations have been received for five categories, and suggested that the Commission select one recipient for the Recognition of Excellence Award from the names submitted. Commission members discussed the matter and concluded that the awards should be given in all categories this year. The program could be revised next year.
12. **Request for Support from the National Horse Protection Coalition** – Commission members agreed that if the Department decided to support this group that is working to end horse slaughter, reference should be made in the correspondence to the Commission's support of the American Horse Slaughter Protection Act.

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13. Racing Industry Legislation - Director Gonsher reported that the status of the bills has not changed since last reported to the Commission in April.

- **Retired Race Horses; Adoption; Surcharge (HB 2591)**
- **Racing; Interstate Compact (HB 2058, SB 1182)**
- **Racing; Simulcast and Advance Wagering (HB 2695)**

14. Permittee Operations Reports - Chairman Napier called for reports from permittees.

- Apache Greyhound Park – no report
- **County Fairs – Roy Snedigar**, County Fair Coordinator, reported that Cochise County Fair at Douglas was a success. Attendance was up and handle was down for Santa Cruz County Fair at Sonoita, except for the Kentucky Derby, which showed an increased handle. Mohave County Fair's first weekend at Kingman this past weekend showed good results.
- Phoenix Greyhound Park – no report
- Rillito Park – no report
- **Tucson Greyhound Park – Marshall Kueker**, General Manager, reported on attendance and handle for the Night of Stars and the Kentucky Derby.
- **Turf Paradise – Randy Fozzard**, General Manager, reported that Turf is completing a successful racing season—Sunday will be the last day of live racing.
- **Yavapai Downs – Jim Grundy**, General Manager, reported that racing will begin at Yavapai Downs on May 29.
- Yuma Greyhound Park – no report

C. Commission Reports

- 1. Summary of Current Events Affecting the Arizona Racing Commission - Chairman Napier** reported that his group has nearly finalized a plan for retiring racehorses.
- 2. Identification of Matters to be Placed on Future Agendas** – No matters were identified.

Executive Sessions. The Commission may vote to go into executive session on any of the foregoing agenda items for legal advice from its attorney pursuant to A.R.S. § 38-431.03(A)(3).

The Racing Commission did not adjourn to Executive Session.

E. Call to the Public

Those members of the public wishing to address the Commission must sign the signup sheet and be recognized by the Chair. Time permitting; each presentation will be given approximately five minutes. Action taken as a result of public comment will be limited to directing staff to study the matter or re-schedule the matter for further consideration at a later date.

No public comments were made.

Announcements

The next regular commission meeting will be held on June 9, 2004, at 10:00 a.m.

Adjournment:

Chairman Napier called for a motion to adjourn. **Commissioner Vespoli** moved to adjourn.

Commissioner Kruglick seconded the motion. **All in favor.**

The meeting adjourned at 12:00 a.m.

Dated this 4th day of June 2004.

Arizona Racing Commission

By _____
Joyce Cozby, Commission Secretary